May 2015

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Colorado FSA: May 2015 eNewsletter

Colorado Farm Service Agency

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USDA Implements 2014 Farm Bill Provision to Limit Payments to Non-Farmers

Department Proposes Changes to "Actively Engaged" Rule

USDA proposed a rule to limit farm payments to non-farmers, consistent with requirements Congress mandated in the 2014 Farm Bill. The proposed rule limits farm payments to individuals who may be designated as farm managers but are not actively engaged in farm management. In the Farm Bill, Congress gave USDA the authority to address this loophole for joint ventures and general partnerships, while exempting family farm operations from being impacted by the new rule USDA ultimately implements.

The current definition of "actively engaged" for managers, established in 1987, is broad, allowing individuals with little to no contributions to critical farm management decisions to receive safety-net payments if they are classified as farm managers, and for some operations there were an unlimited number of managers that could receive payments.

The proposed rule seeks to close this loophole to the extent possible within the guidelines required by the 2014 Farm Bill. Under the proposed rule, non-family joint ventures and general partnerships must document that their managers are making significant contributions to the farming operation, defined as 500 hours of substantial management work per year, or 25 percent of the critical management time necessary for the success of the farming operation. Many operations will be limited to only one manager who can receive a safety-net payment. Operators that can demonstrate they are large and complex could be allowed payments for up to three managers only if they can show all three are actively and substantially engaged in farm operations. The changes specified in the rule would apply to payment eligibility for 2016 and subsequent crop years for Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) Programs, loan deficiency payments and marketing loan gains realized via the Marketing Assistance Loan program.

participate in FSA programs should contact the County Executive Director in the FSA Office in your area or Federal Service at 1-800-877-8339. Alternatively, you may also contact Colorado FSA Civil Rights Coordinator Patti Finke at (720) 544-2889 or patti.finke@co.usda.gov

As mandated by Congress, family farms will not be impacted. There will also be no change to existing rules for contributions to land, capital, equipment, or labor. Only non-family farm general partnerships or joint ventures comprised of more than one member will be impacted by this proposed rule.

Stakeholders interested in commenting on the proposed definition and changes are encouraged to provide written comments at www.regulations.gov by May 26, 2015. The proposed rule is available at http://go.usa.gov/3C6Kk.

June 15 and July 15, 2015 ACREAGE REPORTING Deadlines

In order to comply with FSA program eligibility requirements, all producers are encouraged to visit their local County FSA office to file an accurate crop certification report by the applicable deadline.

The following acreage reporting dates are applicable for Colorado:

- **June 15, 2015:** onions
- **July 15, 2015:** spring seeded crops and for CRP

The following exceptions apply to the above acreage reporting dates:

- If the crop has not been planted by the above acreage reporting date, then the acreage must be reported no later than 15 calendar days after planting is completed.
- If a producer acquires additional acreage after the above acreage reporting date, then the acreage must be reported no later than 30 calendars days after purchase or acquiring the lease. Appropriate documentation must be provided to the county office.
- If a perennial forage crop is reported with the intended use of “cover only,” “green manure,” “left standing,” or “seed,” then the acreage must be reported by July 15th.

Noninsured Crop Disaster Assistance Program (NAP) policy holders should note that the acreage reporting date for NAP covered crops is the earlier of the dates listed above or 15 calendar days before grazing or harvesting of the crop begins.

For questions regarding crop certification and crop loss reports, please contact your local County FSA office, click here.

MAL and LDP Policy Changes for Crop Years 2015-2018

The Agricultural Act of 2014 authorized 2014-2018 crop year Marketing Assistance Loans (MALs) and Loan Deficiency Payments (LDPs), with a few minor policy changes.

Among the changes, farm-stored MAL collateral transferred to warehouse storage will retain the original loan rate, be allowed to transfer only the outstanding farm-stored quantity with no additional quantity allowed and will no longer require producers to have a paid for measurement service when moving or commingling loan collateral.

MALs and LDPs provide financing and marketing assistance for wheat, feed grains, soybeans, and other oilseeds, pulse crops, rice, peanuts, cotton, wool and honey. MALs provide producers interim financing after harvest to help them meet cash flow needs without having to sell their commodities when market prices are typically at harvest-time lows. A producer who is eligible to obtain a loan, but agrees to forgo the loan, may obtain an LDP if such a payment is available. Marketing loan provisions and LDPs are not available for sugar and extra-long staple cotton.

FSA is now accepting requests for 2015 MALs and LDPs for wool as well as LDPs for unshorn pelts. MAL and LDP requests for all other eligible commodities will be accepted after harvest. FSA continues to accept MAL and LDP requests for 2014 crops with upcoming deadlines.

Before MAL repayments and LDP disbursements can be made, producers must meet the requirements of actively engaged in farming, cash rent tenant and member contribution.

Additionally, form CCC-902 (Farm Operating Plan for Payment Eligibility) and CCC-901(Members Information Agricultural Act of

2014) must be submitted for the 2014 crop year, if applicable, with a county committee determination and updated subsidiary files.

To be considered eligible for an LDP, producers must have form CCC-633EZ, Page 1 on file at their local FSA Office before losing beneficial interest in the crop. Pages 2, 3 or 4 of the form must be submitted when payment is requested.

The 2014 Farm Bill also establishes payment limitations per individual or entity not to exceed $125,000 annually on certain commodities for the following program benefits: price loss coverage (PLC) payments, agriculture risk coverage (ARC) payments, marketing loan gains (MLGs) and LDPs. These payment limitations do not apply to MAL loan disbursements.

Adjusted Gross Income (AGI) provisions were modified by the 2014 Farm Bill, which states that a producer whose total applicable three-year average AGI exceeds $900,000 is not eligible to receive an MLG or LDP.

For more information and additional eligibility requirements, please visit a nearby USDA Service Center or FSA's website www.fsa.usda.gov.

USDA Enhances Farm Storage Facility Loan Program

The U.S. Department of Agriculture (USDA) expanded the Farm Storage and Facility Loan (FSFL) program , which provides low-interest financing to producers. The enhanced program includes 22 new categories of eligible equipment for fruit and vegetable producers.

Producers with small and mid-sized operations, and specialty crop fruit and vegetable growers, now have access to needed capital for a variety of supplies including sorting bins, wash stations and other food safety-related equipment. A new more flexible alternative is also provided for determining storage needs for fruit and vegetable producers, and waivers are available on a case-by-case basis for disaster assistance or insurance coverage if available products are not relevant or feasible for a particular producer.

Additionally, Farm Storage Facility Loan (FSFL) security requirements have been eased for loans up to $100,000. Previously, all loans in excess of $50,000 and any loan with little resale value required a promissory note/security agreement and additional security, such as a lien on real estate. Now loans up to $50,000 can be secured by only a promissory note/security agreement and some loans between $50,000 and $100,000 will no longer require additional security.

The low-interest funds can be used to build or upgrade permanent facilities to store commodities. Eligible commodities include grains, oilseeds, peanuts, pulse crops, hay, honey, renewable biomass commodities, fruits and vegetables. Qualified facilities include grain bins, hay barns and cold storage facilities for fruits and vegetables.

Contact your local FSA office or visit www.fsa.usda.gov for more about FSA programs and loans, including the Farm Storage Facility Loan Program.

Important FSA Dates to Remember

- **May 14**: CRP Managed Spring Grazing Period Ends
- **May 26**: Deadline to Submit Written Comment to USDA on Actively Engaged Proposed Rule
- **June 1**: Final LDP Availability Dates for Corn, Dry Peas, Grain Sorghum, Lentils, Mustard Seed, Safflower, Chickpeas, Soybeans and Sunflower Seed
- **June 15**: Nomination Period Begins for County Committee Elections. Request Nomination forms from FSA at the local USDA Service Center or obtain online at http://www.fsa.usda.gov/elections.
- **July 1 to Sept. 30**: Registration/Coverage Election Period for 2016 margin Protection Program - Dairy (MPP-Dairy)
- **July 15**: Final 2014 Noninsured Crop Disaster Assistance Program (NAP) Production Reports are due
- **July 15**: 2015 Acreage Reporting Deadline for Spring Seeded Alfalfa Seed, Forage Seeding, Conservation Reserve Program (CRP), Fruit (except Cherries), Vegetables, Christmas Trees, and all Spring-Seeded Crops and any other crops not required to be reported by previously announced deadlines.
- **July 15**: End of Primary and Brood Rearing Nesting Season
- **July 16**: CRP Summer/Fall Managed Haying and Grazing begins (with County Committee Approval of Request)
- **August 1**: Deadline to Request a Reconstitution or Farm Transfer for 2015
- **August 3**: Deadline to Submit County Committee Election Nomination Form (FSA-669A) to FSA (or postmarked) at the local USDA Service Center
- **September 1**: 2016 NAP Application Closing Date for Asparagus, Canola, Caneberries, Garlic, Rye, Speltz, Triticale, Value-Loss Crops, Aquaculture, Turf Grass, Flowers, and Christmas Trees.
- **September 30**: 2016 NAP Application Closing Date for Barley and Wheat

- **September 30**: Last day of the Registration/Coverage Election Period for 2016 MPP-Dairy Program

Other USDA News: Rural Development's Rural Energy for America Program (REAP) available for Colorado Ag Producers – applications due June 30th

USDA is making more than $280 million available nationally to eligible applicants through the Rural Energy for America Program (REAP). USDA is offering grants for up to 25 percent of total project costs and loan guarantees for up to 75 percent of total project costs for renewable energy systems and energy efficiency improvements. The application window for REAP funding is currently open! The next round of applications are due **June 30, 2015**. Contact Colorado's Rural Development State Office, Don Nunn, (720) 544-2907, donald.nunn@co.usda.gov for application materials and/or questions. **For AGRICULTURAL PRODUCERS** (at least 50% of gross income from agricultural operations) – REAP Grant and Loan Guarantee funds may be used for the purchase, installation and construction of renewable energy systems (solar, hydro, wind, geothermal, renewable biomass) and to make energy efficient improvements, such as: switch from diesel to electric irrigation motor, electric, solar or gravity pumps for sprinkler pivots, replacement of energy inefficient equipment, replace or update cooling and refrigeration units, doors, windows & insulation, lighting upgrades and high efficiency heating, ventilation and air conditioning systems (HVAC) amongst others. Rural Small Businesses are also eligible for REAP assistance.

Other USDA News: Rural Development's Value Added Producer Grant available for Colorado Ag Producers – Applications due July 7th

USDA is making $30 million available to farmers, ranchers and food entrepreneurs to develop new product lines. Funding will be made available through USDA's Value-Added Producer Grant (VAPG) program. VAPG grants can be used to develop new product lines from raw agricultural products or additional uses for already developed product lines. Military veterans, socially disadvantaged, and beginning farmers and ranchers; operators of small- and medium-sized family farms and ranches; farmer and rancher cooperatives; and applicants that propose mid-tier value chain projects are given special priority in applying for VAPGs. Additional priority is given to group applicants who seek funding for projects that "best contribute" to creating or increasing marketing opportunities for these type of operators. More information on how to apply can be found in the May 8, 2015 edition of the Federal Register (http://www.gpo.gov/fdsys/pkg/FR-2015-05-08/html/2015-10440.htm). The deadline to submit paper applications is July 7. Electronic applications submitted through grants.gov are due July 2. This program has a matching funds requirement and may be in the form of cash or eligible in-kind contributions. Contact Don Nunn, (720) 544-2907, Donald.nunn@co.usda.gov for more information.

Other USDA News: USDA announces $235 million available for innovative new conservation partnerships

Local Coalitions Can Now Apply for Funding to Improve Soil Health, Preserve Clean Water, Combat Drought, Protect Wildlife Habitat

Agriculture Secretary Tom Vilsack recently announced an investment of up to $235 million to improve the nation's water quality, combat drought, enhance soil health, support wildlife habitat and protect agricultural viability. The funding is being made available through the Regional Conservation Partnership Program (RCPP), the newest conservation tool of the USDA's Natural Resources Conservation Service (NRCS).

RCPP, created by the 2014 Farm Bill, empowers local leaders to work with multiple partners—such as private companies, local and tribal governments, universities, non-profit groups and other non-government partners—along with farmers, ranchers, and forest landowners to design solutions that work best for their region. Local partners and the federal government both invest funding and manpower to projects to maximize their impact. This will be the second round of projects funded through RCPP. The RCPP program helps USDA build on already-record enrollment in conservation programs, with over 500,000 producers participating to protect land and water on over 400 million acres nationwide.

"This is a new, innovative approach to conservation," said Vilsack. "This initiative allows local partners the opportunity to design and invest in conservation projects specifically tailored for their communities. These public-private partnerships can have an impact that's well beyond what the Federal government could accomplish on its own. These efforts keep our land and water clean, and promote tremendous economic growth in agriculture, construction, tourism, and other industries."

Vilsack continued, "We had tremendous interest from local partners when we first launched this program last year. In this new round of applications, we'll be looking for even greater emphasis on expanding partnerships that break down barriers, work across boundaries, leverage resources and create new opportunities for innovation."

Secretary Vilsack made the announcement at a signing ceremony in Denver for the Colorado Pressurized Small Hydropower Partnership Project, a 2015-funded project that focuses on water quantity resource concerns in Colorado. The project, which will receive $1.8 million in NRCS support alongside local partner investments, will facilitate the conversion of flood irrigation systems to more resource-efficient pressurized irrigation systems with integrated hydropower.

“USDA continues to look for new opportunities to address drought across the West. RCPP projects like this one in Colorado highlight the work the NRCS is doing with partners to increase efficiency while supporting production,” Vilsack said.

In January, USDA delivered first round funding to 115 high-impact projects, including the Colorado project, across all 50 states and the Commonwealth of Puerto Rico.

One of these projects, “Securing Private Working Forests to Benefit Longleaf Pine, Threatened and Endangered Species, and Military Readiness,” will restore approximately 20,000 acres of longleaf near as many as seven military installations across the country through the purchase of conservation easements. The project will enhance longleaf forests while also increasing the forested buffer around military bases. Longleaf forests produce valuable products, such as high quality wood and pulpwood for paper, that are important to rural economies. Also, these forests are home to many rare species, and by restoring the habitat on which they depend, their populations will grow.

USDA is now accepting proposals for RCPP. Pre-proposals are due July 8. For more information on applying, visit the RCPP website.

http://www.nrcs.usda.gov/wps/portal/nrcs/main/national/programs/farmbill/rcpp/
